

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY APRIL 2, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 385**

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**Introduced by Assembly Member Dickinson**

February 14, 2013

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An act to add Division 23 (commencing with Section 80000) to the Financial Code, relating to financial institutions.

### LEGISLATIVE COUNSEL'S DIGEST

AB 385, as amended, Dickinson. Bank on California Program.

Existing law provides for the formation and regulation of state-organized banks and state-certified credit unions by the Department of Financial Institutions. The Governor's Reorganization Plan No. 2 of 2012 provides that, on and after July 1, 2013, the responsibilities of the Department of Financial Institutions and the Commissioner of Financial Institutions shall be transferred to the Department of Business Oversight and the Commissioner of Business Oversight.

This bill would establish the Bank on California Program in the Department of Business Oversight. The bill would require the Bank on California Program to provide support and coordination to regional programs in California that are voluntary, public-private initiatives led by specified entities in partnership with participating financial institutions. The bill would require participating financial institutions to, among other things, provide low- or no-cost checking accounts and report specified data to the commissioner. The bill would also require the commissioner to report annually to specified committees of the Legislature on the activities of the program, including the data provided

by participating ~~financial institutions~~, *regional programs*, and to undertake specified activities to promote the Bank on California Program.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Division 23 (commencing with Section 80000)  
2 is added to the Financial Code, to read:

3  
4 DIVISION 23. BANK ON CALIFORNIA PROGRAM  
5

6 80000. The Legislature finds and declares all of the following:

7 (a) “Bank on California” is a voluntary collaborative initiative  
8 among local governments, state officials, the department, financial  
9 institutions, and community-based organizations that assists  
10 Californians in opening a bank or credit union account and helps  
11 Californians enter the financial mainstream.

12 (b) The goal of the Bank on California Program is to financially  
13 empower lower income consumers by making it easier and more  
14 affordable for them to deposit their paychecks, pay their bills, and  
15 start saving.

16 (c) The Bank on California Program increases the supply of  
17 starter account products that work for ~~the~~ low-income, unbanked  
18 Californians by developing baseline product criteria that must be  
19 offered by all participating financial institutions.

20 (d) The Bank on California Program raises awareness amongst  
21 unbanked consumers about the benefits of account ownership and  
22 spurs Californians to open accounts.

23 (e) The Bank on California Program makes quality money  
24 management education more easily available to low-income  
25 Californians and raises statewide awareness of the unbanked  
26 problem and potential solutions.

27 (f) An estimated 7.8 percent of Californians are unbanked and  
28 an additional 18 percent are considered underbanked.

29 (g) The average unbanked Californian pays one thousand dollars  
30 (\$1,000) to cash a year’s worth of paychecks.

31 (h) Californians with bank accounts are more likely to save,  
32 have higher credit scores, and get better priced car and home loans.

1 (i) Bank on California programs are located in Fresno, Los  
2 Angeles, Oakland, Sacramento, San Francisco, Napa Valley,  
3 Orange County, Stanislaus, American Canyon, Central Coast, and  
4 San Jose.

5 80000.5. There is hereby established in the department the  
6 Bank on California Program.

7 80001. For purposes of this division, the following terms have  
8 the following meanings:

9 (a) "Commissioner" means the Commissioner of Business  
10 Oversight.

11 (b) "Department" means the Department of Business Oversight.

12 (c) "Program" means the Bank on California Program.

13 (d) "Unbanked" means any individual or household that lacks  
14 any kind of deposit account at an insured depository institution.

15 80002. (a) The program shall provide support and coordination  
16 to regional programs located in communities throughout California.  
17 Regional programs shall be voluntary, public-private initiatives  
18 led by local government, in partnership with financial institutions  
19 and community-based organizations. Regional programs shall  
20 negotiate with financial institutions to provide unbanked, low- to  
21 moderate-income individuals with access to free or low-cost banked  
22 accounts and shall promote financial education.

23 (b) Participating financial institutions shall agree to do all of  
24 the following:

25 (1) Offer a low- or no-cost checking account with no monthly  
26 minimum balance requirement.

27 (2) Adapt internal systems to allow a customer with a negative  
28 banking history or Chex Systems record to open an account.

29 (3) Accept Consular identity cards and other alternative forms  
30 of identification as primary identification.

31 (4) Waive one set of nonsufficient funds or overdraft fees per  
32 program participant per year.

33 (5) Report data to the commissioner on a quarterly basis on key  
34 ~~metrics~~ *metrics*, including, but not limited to, the number of  
35 program accounts opened and closed, the ZIP Codes of program  
36 accountholders, and the average and median monthly balances of  
37 program accounts.

38 (6) Train branch staff on program policies and procedures.

39 (7) Participate in outreach activities to promote the program to  
40 low-income communities.

1 80003. Commencing in 2014, the commissioner shall, in  
2 coordination with ~~local~~ *regional* programs, conduct the following  
3 activities:

4 (a) Request and collect the following data from participating  
5 financial institutions on a quarterly basis, sharing this data with  
6 ~~local regional~~ programs as ~~necessary~~ *necessary*:

7 (1) The total number of program accounts opened.

8 (2) The total number of previously opened program accounts  
9 closed.

10 (3) The ZIP Codes of program accountholders.

11 (4) The median and average account balances of all open  
12 program accounts.

13 (b) Provide the ~~respective chairpersons of the Senate Committee~~  
14 ~~on Banking and Financial Institutions and the Assembly Committee~~  
15 ~~on Banking and Finance~~ *appropriate Senate and Assembly policy*  
16 *and fiscal committees* with a brief annual summary on the activities  
17 of the program. The commissioner shall request information from  
18 ~~local regional~~ programs in order to complete this report, which  
19 shall include, but is not limited to, the following:

20 (1) Data on program account opening, closing, account balance,  
21 and customer ZIP Codes presented by location and quarter, as well  
22 as cumulatively.

23 (2) Adherence by participating financial institutions to  
24 negotiated account features.

25 (3) Financial institution activities in support of ~~local regional~~  
26 programs, including branch trainings, data reporting, participation  
27 in meetings and activities, and other program outcomes reported  
28 by ~~local regional~~ programs.

29 (c) Pursue voluntary agreements with financial institutions with  
30 a presence throughout California to offer program-style products  
31 throughout their California footprint, not only in localities with  
32 programs.

33 (d) Identify geographic localities with a high density of  
34 unbanked individuals and households and no existing program and  
35 work with local leaders in these locations to support the  
36 establishment of new programs.

37 (e) In coordination with ~~local regional~~ program leadership,  
38 provide support to ~~local regional~~ programs throughout California  
39 by:

40 (1) Establishing guidelines and best practices for programs.

- 1     (2) Providing information and guidance on regulatory and other  
2 banking issues.
- 3     (3) Intervening on behalf of ~~local~~ *regional* programs if a  
4 participating financial institution is not adhering to program  
5 commitments.
- 6     (4) Providing assistance, as needed, to disseminate program  
7 materials and other information.
- 8     (5) Hosting one convening per year for all programs, including  
9 local leadership and participating financial institutions.